City of Tshwane

Presentation to Select Committee on Finance – Parliament of the Republic of South Africa

2 August 2017
Cape Town
“Tshwane: A prosperous Capital City through fairness, freedom and opportunity”
The City of Tshwane in Context
Population in our cities in proportion with national, 2015

- Tshwane: 6%
- Johannesburg: 9%
- Ekurhuleni: 6%
- Cape Town: 7%
- Nelson Mandela Bay: 2%
- eThekwini: 7%
- Buffalo City: 2%
- Mangaung: 2%

Source: IHS Global Insight, Regional eXplorer 1029 (2.5w), 2015
Population per Region

Population per Planning Region for Tshwane

- Planning Region 7: 4%
- Planning Region 5: 3%
- Planning Region 6: 21%
- Planning Region 4: 13%
- Planning Region 3: 20%
- Planning Region 1: 28%
- Planning Region 2: 11%

Population per Planning region 2001 vs 2011

- Population 2001
- Population 2011
Did you know?

The City of Tshwane is the 3rd largest municipality in the world.

With 134 diplomatic missions and 26 international organizations represented, the City of Tshwane has the 2nd highest concentration of embassies after Washington DC.

The City of Tshwane is the administrative seat of the South African government and is the birthplace of South Africa democracy.

Number of Households: 911,536
Average Household Size: 3.2
Number of Employed People (Ages 15 – 64): 1,079,273
Unemployment Rate: 21.2% below National average

9% of national GDP (2015)
25% of Gauteng’s GDP (2015)

Inflation: 4.9% (higher than National inflation rate)
Capex: R3.9 billion
Opex: R25.1 billion

2nd largest provincial GDP contributor

Major automotive industry Rosslyn and Pretoria East areas

Strong tertiary education sector

Mostly Government and Community Sector (34%); Finance, Business and Insurance Services (25.3%); Transport Sector (11.9%) and Trade Sector (10.9%).

Total Land Area: 6,298 km²

120 km

107 km
City’s Intervention on Service Delivery

Context

• Census 2011 indicated that the City have 911 536 households
• Universal access- informal settlements and rural areas
• Backlogs are influenced by in-migration
• Balancing upgrading of infrastructure with new infrastructure development for housing
• ?Investing in economic infrastructure through partnerships to meet the economic needs
Provision of basic services

- Households access to drinking water through formal water connection:
  - 747,249 hh (81.98%)

- Households with access to water borne sanitation:
  - 722,029 hh (79.21%)

- Households access to electricity supply through a formal connection:
  - 736,011 hh (81.98%)

- Over 670 km of Storm water network systems and over 730 km of roads have been constructed:
Responding to Housing Needs

Challenge:

- Increasing housing demand fuelled by unemployment
- Province and national still promote housing development far from opportunities which works against principles of densification
- Land invasions which results in increased informal settlements
- Densification of informal settlements
### Capital Expenditure per Projects - USDG Projects

<table>
<thead>
<tr>
<th>Department</th>
<th>Project Name</th>
<th>Current Budget 2016/17</th>
<th>Actual Expenditure - 30 June 2017</th>
<th>Commitments</th>
<th>Actual Expenditure including Commitments</th>
<th>Total % Spent against budget (including commitments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Services: Energy &amp; Electricity</td>
<td>Electricity for All</td>
<td>142 664 750</td>
<td>140 758 720</td>
<td>852 282</td>
<td>141 611 002</td>
<td>99%</td>
</tr>
<tr>
<td>Utility Services: Energy &amp; Electricity</td>
<td>Communication Upgrade: Optical Fibre Net</td>
<td>8 000 000</td>
<td>7 299 934</td>
<td>273 677</td>
<td>7 573 611</td>
<td>95%</td>
</tr>
<tr>
<td>Utility Services: Energy &amp; Electricity</td>
<td>Strengthening of 11kv Overhead Network</td>
<td>10 000 000</td>
<td>9 272 473</td>
<td>44 835</td>
<td>9 317 308</td>
<td>93%</td>
</tr>
<tr>
<td>Utility Services: Energy &amp; Electricity</td>
<td>Substations</td>
<td>4 000 000</td>
<td>3 858 295</td>
<td>135 388</td>
<td>3 993 683</td>
<td>100%</td>
</tr>
<tr>
<td>Utility Services: Energy &amp; Electricity</td>
<td>Tshwane Public Lighting Programme</td>
<td>45 000 000</td>
<td>43 390 234</td>
<td>384 157</td>
<td>43 774 390</td>
<td>97%</td>
</tr>
<tr>
<td>Utility Services: Energy &amp; Electricity</td>
<td>Pre-paid Electricity Meters</td>
<td>17 000 000</td>
<td>16 994 148</td>
<td>-</td>
<td>16 994 148</td>
<td>100%</td>
</tr>
<tr>
<td>Utility Services: Energy &amp; Electricity</td>
<td>New Bulk Electricity Infrastructure</td>
<td>26 000 000</td>
<td>26 000 000</td>
<td>-</td>
<td>26 000 000</td>
<td>100%</td>
</tr>
<tr>
<td>Utility Services: Water &amp; Sanitation</td>
<td>Refurbishing of Water Networks and Backlog Eradication</td>
<td>286 563 410</td>
<td>274 625 018</td>
<td>179 160</td>
<td>274 804 178</td>
<td>96%</td>
</tr>
<tr>
<td>Utility Services: Water &amp; Sanitation</td>
<td>Water Conservation and Demand Management (Installation of water)</td>
<td>17 000 000</td>
<td>13 649 431</td>
<td>512 502</td>
<td>14 161 932</td>
<td>83%</td>
</tr>
<tr>
<td>Utility Services: Water &amp; Sanitation</td>
<td>RE - AGA - Tshwane</td>
<td>77 886 590</td>
<td>65 406 313</td>
<td>10 069 683</td>
<td>75 475 996</td>
<td>97%</td>
</tr>
<tr>
<td>Roads &amp; Transport</td>
<td>Mabopane Station Modal Interchange</td>
<td>29 097 344</td>
<td>29 096 483</td>
<td>-</td>
<td>29 096 483</td>
<td>100%</td>
</tr>
<tr>
<td>Roads &amp; Transport</td>
<td>Internal Roads: Northern Areas</td>
<td>48 749 601</td>
<td>47 939 977</td>
<td>809 624</td>
<td>48 749 601</td>
<td>100%</td>
</tr>
<tr>
<td>Roads &amp; Transport</td>
<td>Flooding Backlogs: Sosh &amp; Winterveldt Area</td>
<td>239 488 284</td>
<td>229 193 229</td>
<td>-</td>
<td>229 193 229</td>
<td>96%</td>
</tr>
<tr>
<td>Roads &amp; Transport</td>
<td>Spoorview - Re Aga Tshwane</td>
<td>1 000 000</td>
<td>963 848</td>
<td>-</td>
<td>963 848</td>
<td>96%</td>
</tr>
<tr>
<td>Regional Operations and Coordination</td>
<td>Jojo Tanks - Re Aga Tshwane</td>
<td>3 000 000</td>
<td>2 832 193</td>
<td>-</td>
<td>2 832 193</td>
<td>94%</td>
</tr>
<tr>
<td>Housing &amp; Human Settlement</td>
<td>Project Linked Housing - Water Provision</td>
<td>132 451 551</td>
<td>118 012 220</td>
<td>4 662 333</td>
<td>122 674 553</td>
<td>93%</td>
</tr>
<tr>
<td>Housing &amp; Human Settlement</td>
<td>Sewerage - Low Cost Housing</td>
<td>146 437 500</td>
<td>135 167 168</td>
<td>6 758 386</td>
<td>141 925 554</td>
<td>97%</td>
</tr>
<tr>
<td>Housing &amp; Human Settlement</td>
<td>Roads and Stormwater - Low Cost Housing - Project Linked</td>
<td>197 127 207</td>
<td>191 366 380</td>
<td>-</td>
<td>191 366 380</td>
<td>97%</td>
</tr>
<tr>
<td>Housing &amp; Human Settlement</td>
<td>Project Linked Housing - Acquisition of Land</td>
<td>31 428 993</td>
<td>30 970 000</td>
<td>-</td>
<td>30 970 000</td>
<td>99%</td>
</tr>
<tr>
<td>Housing &amp; Human Settlement</td>
<td>Redevelopment of Hostels: Saulsville (Phase 3b and 4a)</td>
<td>10 000 000</td>
<td>9 928 560</td>
<td>-</td>
<td>9 928 560</td>
<td>99%</td>
</tr>
<tr>
<td>Housing &amp; Human Settlement</td>
<td>Redevelopment of Hostels: Mamelodi</td>
<td>10 000 000</td>
<td>9 928 560</td>
<td>-</td>
<td>9 928 560</td>
<td>99%</td>
</tr>
<tr>
<td>Housing &amp; Human Settlement</td>
<td>Townlands Marabastad</td>
<td>10 258 750</td>
<td>8 998 904</td>
<td>-</td>
<td>8 998 904</td>
<td>88%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1 493 153 980</strong></td>
<td><strong>1 415 652 089</strong></td>
<td><strong>24 682 025</strong></td>
<td><strong>1 440 334 113</strong></td>
<td><strong>96%</strong></td>
</tr>
</tbody>
</table>
Statistics: Informal Settlements

All identified informal settlements have been categorised and have been prioritised based on funding availability. The City is also developing a long term upgrading of informal settlements strategy.

<table>
<thead>
<tr>
<th>Region</th>
<th>Total number of Informal Areas</th>
<th>Total number of households/ units</th>
<th>Settlements receiving water by water tankers</th>
<th>Settlements receiving water by stand pipes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region 1</td>
<td>23</td>
<td>43 525</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Region 2</td>
<td>14</td>
<td>24 302</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Region 3</td>
<td>15</td>
<td>21 777</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>Region 4</td>
<td>10</td>
<td>25 857</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Region 5</td>
<td>12</td>
<td>8 734</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Region 6</td>
<td>18</td>
<td>28 920</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Region 7</td>
<td>23</td>
<td>12 078</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>TOTAL</td>
<td>115</td>
<td>165 193</td>
<td>72</td>
<td>63</td>
</tr>
</tbody>
</table>
3,635 title deeds had been received from the Province in 2017/18 FY. Out of those, 3,988 title deeds were issued, including some from the backlog.
Catering for the Gap Market: Townlands

Townlands Social Housing Development:
Accessibility re: affordability and location
Links to TRT Routes
Re-Imagining Tshwane: Inner City Development

Context

• *Reclaiming the Capital into vibrant, accessible and diverse*
• *Partnership with Department of Public Works to deliver- PRASA and Intersite?*
• *Intensified Urban Management Programme*
• *Implementing the UDZ incentives to attract investment in the CBD*
Inner City Regeneration

- Strong spatial governance – i.e. leading, directing and engaging with all stakeholders
- Developing strong institutional mechanisms for delivery
- A Capital that depicts the country’s diversity and a celebration of democracy
- Reigniting the soul and aesthetics of each precinct
- Built environment and urban management intervention that must be focused on building confidence about the future
Projects: Government Estate

GOVERNMENT BOULEVARD
The Government Boulevard is located on Paul Kruger Street. It is the seat and the face of national government and is designed in a manner fitting the status of the National Government. The street itself will become a public space interspersed with symbolic public squares and landmark buildings.

CEREMONIAL BOULEVARD
The Ceremonial Boulevard is located on WF Nkomo, Helen Joseph and Stanza Bopape Streets. It stretches from Kgosi Mampuru Street in the west to the Union Buildings in the east. It will accommodate supportive uses to the national government. It is design to accommodate a variety of civic activities, e.g. parades, processions, festivals.
Projects: Government Estate

**CIVIC PRECINCT**
The Civic Precinct is centred around the State Theatre, Lilian Ngoyi Square, the Women’s Museum and Tshwane House (the new municipal offices). It is a people’s place and has an exceptional and unique design that accommodates a variety of activities both during day time and night time. It will attract both local residents and domestic and international tourists.

**NORTHERN GATEWAY**
The Northern Gateway Landmark Development is located at the northern entrance to the Inner City on the Government Boulevard (Paul Kruger Street) and will announce the entrance to the Government Estate. It will consist of two tower buildings that house a number of new national department headquarters. The buildings will be surrounded by public squares that enhance the historical buildings adjacent to the tower blocks.
Stitching the City together through TRT

Context
• Relative success of TRT
• TRT as a catalyst to spatial transformation re: density, mixed use, value capturing, etc.
• However- is it the best model to integrate public transport?
Five-Year Plan: TRT

BRT LINE | DESCRIPTION
--- | ---
BRT Line 2A | CBD to Hatfield
BRT Line 1A | CBD to Wonderboom
BRT Line 2B | Hatfield to Menlyn
BRT Line 2C | Menlyn to Denneboom
BRT Line 1B | Wonderboom to Akasia
BRT Line 1C | Akasia to Soshanguve
BRT Line 3 | CBD to Atteridgeville
BRT Line 2D | Denneboom to Mahube Valley

Total Length = 81km
Line 2A TRT Routes: Densities and Rentals

- Increase in aesthetics developments around the TRT lines re: buildings
- Increased rental demand as compared to 2013 - less 1 month vacancy rate
- Increased number of rezoning applications along TRT routes
Line 2A: TRT Ridership and Revenue

TOTAL ENTRIES 2016/2017

- Adults & Unregistered: 92%
- Scholar: 5%
- Pensioner 60-64: 2%
- Pensioner over 65: 1%

Budgeted Amount:

- Jul-16
- Sep-16
- Nov-16
- Jan-17
- Mar-17
- May-17
Creating Opportunity through Economic Growth

Context

- Economic sector support: integration through all spheres of government?
- Youth Unemployment and opportunity creation
- Innovation as a sector to stimulate growth
- SMME development vs poverty alleviation programmes
- Harnessing rural economic development opportunities
PRIORITY INVESTMENT SECTORS AND ECONOMIC GROWTH CENTRES (MSDF 2012)

- Automotives and Components (Rosslyn/Waltloo)
- Tourism and Related Services (Dinokeng)
- Agriculture and Agro-processing
- Aerospace and Defence Technologies (Centurion)
- Research and Development (CSIR)
- Alternative and Renewable Technologies (Technopark)
- Business Process Outsourcing and Off-Shoring
- Mining and Beneficiation (Cullinan)

Metropolitan Nodes

Urban Cores
Infrastructure to support growth

ICT CONNECTIVITY (TSHWANE WIFI)
The City of Tshwane has established itself as South Africa’s leader in the provision of free WiFi as a basic municipal service, in the same category as water and electricity. The city identified the need to provide connectivity to its residents to enable citizens to find jobs, start businesses and educate themselves online. In the first year after implementation, the city provided free data to residents on a monthly basis. Other services being rolled out, include the following:

- WiFi network, a video-on-demand service intended to distribute local news content to low-income communities;
- Free Voice WiFi service that runs on the WiFi network;
- A Tshwane voice mobile application that will allow users on the WiFi network to make free mobile calls; and
- WiFi Drive-in, a video-on-demand movie-streaming service. Residents will be able to watch the latest movie releases free of charge, using any device at certain locations.

WONDERBOOM AIRPORT
The A Re Yeng services are to be linked to the Gautrain services and with the Wonderboom Airport, which has been in existence since 1936 and is one of the most important general aviation airports in South Africa. With the construction of the K97 provincial road, which is almost complete, Wonderboom Airport will be highly accessible from a local, as well as a regional perspective. One of the most important benefits of the airport is that travelling to and from the airport for the scheduled flights will be in the opposite direction of peak traffic. This will enhance the use of the highway system leading to and from the airport.

ENERGY GENERATION
Part of the City of Tshwane’s energy generating strategy would be to look into the feasibility of upgrading its two existing power stations. Should the study prove to be feasible, then it will generate up to 480 megawatt (MW) of electricity for both residential and industrial use.

Other initiatives underway include a solar geyser project. Solar power is one of the most effective renewable energy sources available and by implementing this source of power for water heating, the city will reduce the load on the grid. The second solar power project entails the retrofitting of streetlights, traffic signals and billboards.
Balanced approach to investment attraction

**Manufacturing Investment Programme (MIP)**
The MIP is a reimbursable cash grant for local and foreign-owned manufacturers who wish to establish a new production facility, expand an existing production facility or upgrade an existing facility in the clothing and textiles sector.

**Critical Infrastructure Programme (CIP)**
The CIP aims to enhance investment by supporting critical infrastructure, thus lowering the costs of investment. It is made available to approved entities upon the completion of the infrastructure project concerned.

**Foreign Investment Grant**
The incentive is aimed at compensating qualifying foreign investors for the cost of moving qualifying new machinery and equipment to South Africa from abroad.

**Automotive Investment Scheme (AIS)**
The incentive is designed to grow and develop the automotive sector through investment in new and/or replacement models and components that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain.

**Business Process Services (BPS)**
The South African government implemented a Business Process Outsourcing (BPO) incentive as from July 2007. Government’s Industrial Policy Action Plan (IPAP) II has identified BPS as a key sector for investment attraction and job creation. As part of a process of improving the country’s position as an investment destination, a systematic review of the BPS incentive was undertaken with the private sector, resulting in a revised BPS incentive.

**Section 12J Tax Allowance Incentive**
The 12J Tax Incentive is designed to support Greenfield investments (ie new industrial projects that utilise only new and unused manufacturing assets), as well as Brownfield investments (ie expansions or upgrades of existing industrial projects). The new incentive offers support for both capital investment and training.

Facilitation of employment opportunities

Economic development and job creation:

• More than 168 000 new work opportunities were created
• Close to 900 cooperatives were supported through mentorship and training
• Average of R2.5 bill investment attracted annually
Agriculture and Tourism

- Support to SMMEs in tourism-grading Council
- Increase share of business tourism between 2014 and 2016
- Small scale farmers supported to supply City owned market
- Agro-processing investment opportunities
- Promotion of urban agriculture to combat poverty
Funding Delivery in Tshwane: What have we spent the grants on?

Context

• Utilising financial instruments to achieve equitable development: urban-rural investment
• Systems improvements to encourage efficiencies - E – procurement
• Programme and project evaluation to ensure delivery
• Challenges with provincial projects which are not adequately funded
Overall Capex per funding source

Public Transport Infrastructure and Systems Grant (PTIS), 750 000 000, 17%

Total Capital Budget is R4.5 billion included under Council funding is the R950 million for the acquisition of the smart meter infrastructure (the infrastructure belongs to the private party), this project is currently under judicial review.
Capital Expenditure split per Department

- City Manager: 1%
- Community & Social Development Services: 3%
- Community Safety: 1%
- Economic Dev & Planning: 1%
- Environment: 13%
- Group Financial Services: 2%
- Group Property: 1%
- Health: 1%

Utility Services: Water & Sanitation: 12%
Utility Services: Energy & Electricity: 32%
Housing & Human Settlement: 13%
Roads & Transport: 27%
### Capital Budget and Expenditure per Funding Source: 30 June 2017

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Adjusted Budget</th>
<th>YTD Actual - 30 June 2017</th>
<th>YTD Commitments</th>
<th>YTD Actual + Committed</th>
<th>Full Year Projections</th>
<th>Balance Projected not to be spent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000 %</td>
<td>R'000</td>
<td>R'000 %</td>
<td>R'000 %</td>
<td>R'000 %</td>
</tr>
<tr>
<td>*Council Funding</td>
<td>980,000</td>
<td>20,514 2%</td>
<td>183</td>
<td>20,697 2%</td>
<td>21,218 2%</td>
<td>958,782</td>
</tr>
<tr>
<td>Public Transport Infrastructure and Systems Grant (PTIS)</td>
<td>750,000</td>
<td>729,153 97%</td>
<td>1</td>
<td>729,154 97%</td>
<td>748,433 100%</td>
<td>1,567</td>
</tr>
<tr>
<td>Neighbourhood Development Partnership Grant (NDPG)</td>
<td>48,500</td>
<td>48,002 99%</td>
<td>498</td>
<td>48,500 100%</td>
<td>48,500 100%</td>
<td>0</td>
</tr>
<tr>
<td>USDG (replaces MIG)- Urban Settlement Development Grant</td>
<td>1,493,154</td>
<td>1,415,652 95%</td>
<td>24,682</td>
<td>1,440,334 96%</td>
<td>1,493,154 100%</td>
<td>0</td>
</tr>
<tr>
<td>Intergrated National Electrification Programme (INEP)</td>
<td>40,000</td>
<td>39,332 98%</td>
<td>366</td>
<td>39,698 99%</td>
<td>39,649 99%</td>
<td>351</td>
</tr>
<tr>
<td>Capital Replacement Reserve</td>
<td>18,500</td>
<td>8,405 45%</td>
<td>172</td>
<td>8,577 46%</td>
<td>18,500 100%</td>
<td>0</td>
</tr>
<tr>
<td>Other Contributions</td>
<td>200</td>
<td>200 100%</td>
<td>0</td>
<td>200 100%</td>
<td>200 100%</td>
<td>0</td>
</tr>
<tr>
<td>Community Library Services (CLS)</td>
<td>6,978</td>
<td>5,710 82%</td>
<td>311</td>
<td>6,021 86%</td>
<td>6,021 86%</td>
<td>957</td>
</tr>
<tr>
<td>Borrowings</td>
<td>1,000,000</td>
<td>761,535 76%</td>
<td>39,538</td>
<td>801,073 80%</td>
<td>798,553 80%</td>
<td>201,447</td>
</tr>
<tr>
<td>Public Contributions &amp; Donations</td>
<td>100,000</td>
<td>93,627 94%</td>
<td>2,192</td>
<td>95,820 96%</td>
<td>93,430 93%</td>
<td>6,570</td>
</tr>
<tr>
<td>Social Infrastructure Grant</td>
<td>41,000</td>
<td>41,000 100%</td>
<td>0</td>
<td>41,000 100%</td>
<td>41,000 100%</td>
<td>0</td>
</tr>
<tr>
<td>LG SETA Discretionary Allocation</td>
<td>10,000</td>
<td>4,298 43%</td>
<td>1,265</td>
<td>5,564 56%</td>
<td>5,564 56%</td>
<td>4,436</td>
</tr>
<tr>
<td>Integrated City Development Grant (ICDG)</td>
<td>36,254</td>
<td>0 0%</td>
<td>0</td>
<td>0 0%</td>
<td>36,254 100%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,524,586</strong></td>
<td><strong>3,167,429</strong> 70%</td>
<td><strong>69,209</strong></td>
<td><strong>3,236,637</strong> 72%</td>
<td><strong>3,350,475</strong> 74%</td>
<td><strong>1,174,112</strong></td>
</tr>
</tbody>
</table>

* Includes R950m for the smart meter contract, currently under Judicial review, % spent excluding the smart meter contract is 89% and full year projection is 94%
Temba Water Purification Plant Upgrade

Klipgat Reservoir
Refilwe Manor Pump Station in progress

Refilwe Manor 10ML Reservoir in progress
Temba Water Purification Plant Upgrade

Klipgat Reservoir
Refilwe Manor Pump Station in progress

Refilwe Manor 10ML Reservoir in progress
Social Development Centre – Winterveldt and Mabopane
Conclusion
Conclusion

- Progress made towards reducing basic service backlog
- Concerns on the national instruments used for spatial development: mega housing project by province re: densities, location
- Economic challenges require collaborated efforts to increase access to opportunities- spatial economic integration
- Rapid Transit System has been a facilitator for spatial integration and possibly increase in densities- is it the best mode to achieve integration?
- Economic climate and the need for cities to rely on internal funding for their own development